

FISCAL NOTE
HB 873 - SB 1163

March 29, 2005

SUMMARY OF BILL: Requires counties whose residents receive free or uncompensated care at safety net hospitals to contribute funds to the hospital on or before September 1 of each year. Requires the Department of Health to calculate the amount that each county owes to each safety net hospital from the reports that include the amounts of free and uncompensated care that was rendered, the amount of revenue that each hospital received from the county, and the amount of free care by the county residence of patients.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant
Increase Local Govt. Expenditures – Exceeds \$50,000,000*

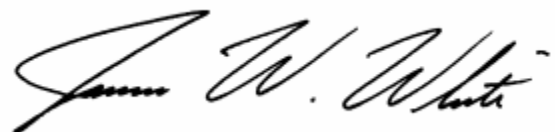
Assumptions:

- Counties would be required to contribute to safety net hospitals by paying a portion of the free or uncompensated health care costs for its residents.
- Counties would contribute to safety net hospitals an amount determined by multiplying the cost of the free or uncompensated care to that county's residents at the hospital by a fraction in which the amount of tax dollars paid to the hospital by the county in which it resides is divided by the cost of free or uncompensated care provided to residents of the county in which the safety net hospital resides.
- Safety net hospitals provided \$196,696,583 in uncompensated care to residents of the county where each hospital resides. The counties where such hospitals reside provided \$54,640,386 in tax dollars to the hospitals.
- The amount of tax dollars paid to the hospitals by the counties in which the safety net hospitals reside would not change.
- Safety net hospitals receive special payments under the TennCare waiver or under a state medical assistance program.
- Any additional payment by other counties to essential hospitals will not reduce the amount of certified public expenditures used by TennCare to obtain additional Federal funding.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director